

Message Text

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21/53

ACTION NEA-10

INFO OCT-01 AF-04 ARA-06 EA-06 EUR-12 RSC-01 ISO-00 SAM-01

IO-10 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 FEA-01 AEC-05

AID-05 CEA-01 CIEP-01 COME-00 EB-07 FPC-01 INT-05

OMB-01 OES-03 STR-01 TRSE-00 FRB-01 /124 W

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P R 101505Z DEC 74

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 1759

INFO AMEMBASSY ABU DHABI

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY QUITO

AMEMBASSY VIENNA

AMEMBASSY TEHRAN

AMEMBASSY LAGOS

AMEMBASSY ALGIERS

C O N F I D E N T I A L TRIPOLI 1333

C O R R E C T E D C O P Y (PARA. 1., LINE 7)

E.O. 11652: GDS

TAGS: ENRG LY OPEC

SUBJECT: LIBYAN PETROLEUM MINISTER ANNOUNCES LARG POLICY FOR
DECEMBER OPEC MEETING

1. SUMMARY. IN DEC. 9 INTERVIEW WITH SEMI-OFFICIAL LIBYAN DAILY
LARG MINPETROLEUM EZZ AD-DIN MABROUK STATED LIBYA'S POSITION FOR
DECEMBER OPEC MEETING. FOR FIRST TIME HE ANNOUNCED SUPPORT FOR
(A) FIXING OIL PRICES IN RELATION OTHER FUELS, (B) DESIRE FOR
LONG-TERM PRICE TARIFF, (C) CITED ACTIONS OF THREE GULF STATES.

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MOST IMPORTANTLY HE CALLED FOR PRODUCTION CEILINGS AND MENTIONED

THAT DESPITE "MARKETING PROBLEMS BECAUSE WE ADHERED TO HIGH PRICES, WE HAVE, PRAISE GOD, BEEN ABLE TO MARKET CONSIDERABLE QUANTITY DUE TO OUR QUALITY OIL AND EXCELLENT GEOGRAPHICAL POSITION". END SUMMARY.

2. PRIOR HIS DEPARTUE FOR VIENNA, LARG MINPETROLEUM GAVE INTERVIEW ENUNCIATING GOALS AND POLICIES OF LIBYA FOR OPEC MINISTERIAL MEETING. HE STATED THAT OIL PRICES SHOULD BE INDEXED TO FOOD, COMMODITY AND ALTERNATIVE FUEL PRICES. STABILITY IN CRUDE TRANSACTIONS WOULD BE ACHIEVED BY LONG-TERM PRICES. HE CITED REDUCTION PRICES AND INCREASE IN COMPANY TAXES BY THREE GULF COUNTRIES AND WAS QUOTED THAT THIS "WOULD GREATLY INCREASE OIL REVENUES OF THOSE STATES". MOST IMPORTANTLY, HE DECLARED THAT BECAUSE OPEC HAS QUANTITIES OF OIL EXCEEDING WORLD DEMAND, PRODUCTION MUST BE LIMITED. "WE ARE INTERESTED IN REVENUE PER BARREL, NOT QUANTITY PRODUCED." HE NOTED SOME CONSUMING COUNTRIES HAVE ALREADY DECREASED THEIR CONSUMPTION IN ORDER TO AFFECT SUPPLY AND DEMAND.

3. HE REFERRED TO "PROBLEMS REGARDING MARKETING OF CRUDE OIL DURING THE LAST THREE MONTHS BECAUSE WE ADHERED TO THE PRICES AND BECAUSE OF SURPLUS PRODUCTION, BUT, PRAISE GOD, WE HAVE BEEN ABLE TO MARKET A CONSIDERABLE QUANTITY DUE TO THE GOOD QUALITY OF OUR CRUDE OIL AND BECAUSE OF OUR EXCELLENT GEOGRAPHICAL LOCATION". SINCE QUALITY AND LOCATION CRUDE LESS IMPORTANT THAN FORMERLY, THIS CONSTITUTES ADMISSION THAT LIBYA HAS BEEN SELLING CRUDE OUTSIDE OPEC PRICE STRUCTURE.

4. COMMENT. THIS WAS FIRST MINISTERIAL REFERENCE TO THREE GULF COUNTRIES' RECENT ACTION, FIRST ADVOCACY OF FORMAL OPEC PRODUCTION ALLOCATIONS IN RECENT YEARS, FIRST FORMAL WORK LINKING CRUDE OIL PRICES TO OTHER COMMODITIES.
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